



U.S. Department of Justice



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**WAUCONDA MAN SENTENCED TO MORE
THAN 9 YEARS IN PRISON FOR “PONZI” SCHEME**

Rockford — A Wauconda, Ill. man was sentenced today to more than 9 years in federal prison for operating a “Ponzi” type investment scheme in which he fraudulently obtained more than \$2 million from investors. The defendant, Paul Joseph Cirigliano, also known as “Paul Cirano,” 55, of Wauconda, has been in federal custody since he was arrested on Mar. 1, 2011.

Today, United States Senior District Judge Philip G. Reinhard sentenced Cirigliano to 115 months in federal prison and to pay \$1,931,361 in restitution to the victims of the investment fraud. Cirigliano will also be on supervised release for 3 years following his release from prison. Cirigliano had been charged with three counts of mail fraud in an indictment filed in United States District Court on Mar. 15, 2011. He pleaded guilty to one count of mail fraud on July 25, 2011.

In pleading guilty, Cirigliano admitted that between 2004 and February 17, 2011, he had conducted an investment fraud. Using the name of “Paul Cirano,” Cirigliano operated Panoptic Studios, Inc. and Panoptic Corporation, two businesses involved in video recording. In 2004, Cirigliano began soliciting individuals to provide him with money. Cirigliano promised that he would use the investor funds to purchase analog recording equipment. He promised that he would then sell the equipment overseas, and use the profits to repay the investors their investment and interest. Instead of buying and selling analog recording equipment as represented, Cirigliano used

the investors' funds to pay for his personal expenses and for expenses of his two corporations, as well as to repay earlier investors (a Ponzi-type scheme). In his guilty plea, Cirigliano admitted that he sent fictitious statements to investors showing that their investments had been profitable in order to encourage the investors to renew (or "roll-over") their investments.

The investigation was conducted under the auspices of the Financial Fraud Enforcement Task Force, which includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes. For more information on the task force, visit: www.StopFraud.gov.

The sentencing was announced today by Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois; Thomas P. Brady, Postal Inspector-in-Charge of the Chicago Division of the United States Postal Inspection Service; and, Jesse White, Illinois Secretary of State.

The government was represented by Assistant U.S. Attorney John G. McKenzie.

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